

# QUARTERLY REPORT

15 July 2016



## June Quarter 2016 – Guidance delivered

### HIGHLIGHTS

- Record full year ROM coal production of 20.5Mt, up 30% on previous corresponding period (pcp)
- Record saleable coal production of 19.7Mt and shipments of over 20.1Mt for year
- Managed and equity sales of 20.1Mt and 15.4Mt, up 44 and 42% respectively on the pcp
- Maules Creek operating over 9.0Mtpa rate in June quarter
- Narrabri and Tarrawonga established new ROM coal production records – Narrabri 1.05Mt in April and Tarrawonga 2.4Mt for full year
- ROM coal production of 5.6Mt and saleable coal production of 5.1Mt in June quarter
- Second longwall changeout at Narrabri completed on time and budget, full longwall production resumed
- Excellent ROM coal production from the Gunnedah open cuts of 5.8Mt for year, up 5% on pcp

### GUIDANCE FOR FY2016

	Actual Outcome	Guidance for FY2016
Maules Creek	7.8Mt ROM & 7.4Mt Saleable	7.6Mt ROM & 7.4Mt Saleable
Narrabri	6.9Mt ROM	6.6Mt - 6.8Mt ROM
Gunnedah	5.8MtROM	5.1Mt - 5.3Mt ROM
<b>Total</b>	<b>19.7Mt Saleable</b>	<b>19.5Mt - 20.1Mt Saleable</b>
Costs	Expected upper end of range	\$1/t - \$2/t lower than \$58/t in H1

## MANAGED PRODUCTION AND SALES HIGHLIGHTS

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2016	Jun 2015	Change	Jun 2016	Jun 2015	Change
Managed ROM Coal Production	5,570	5,459	2%	20,504	15,815	30%
Managed Saleable Coal Production	5,134	4,755	8%	19,691	14,566	35%
Managed Total Coal Sales	5,187	4,252	22%	20,127	13,987	44%

## WHITEHAVEN EQUITY PRODUCTION AND SALES SUMMARY

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2016	Jun 2015	Change	Jun 2016	Jun 2015	Change
<b>Whitehaven Equity Totals</b>						
Equity ROM Coal Production	4,314	4,142	4%	15,760	12,205	29%
Equity Saleable Coal Production	3,991	3,608	11%	15,072	11,255	34%
Equity Sales of Produced Coal	3,886	3,247	20%	15,432	10,859	42%
Equity Coal Stocks at period end	1,307	2,035	(36%)	1,307	2,035	(36%)

## SAFETY

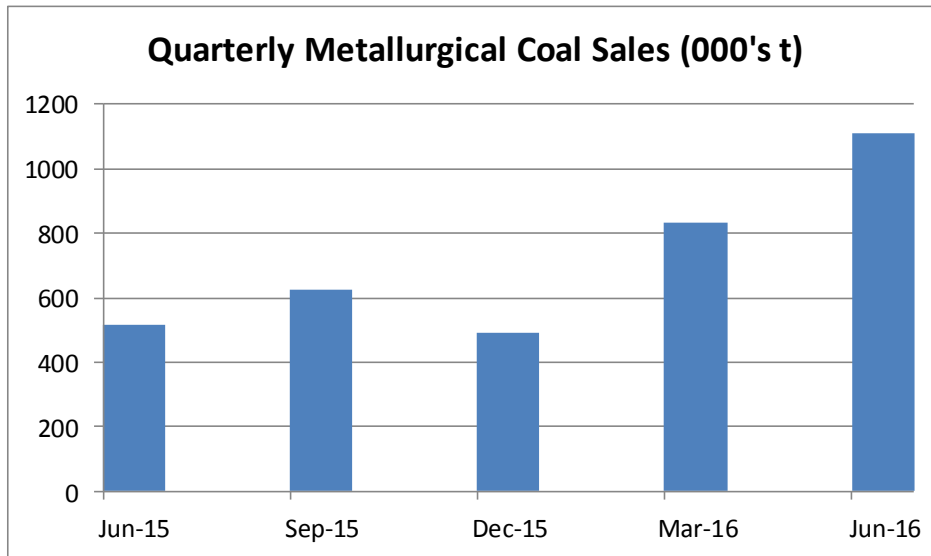
Strong safety performance continues at both the Rocglen mine and the Gunnedah CHPP, with both sites achieving two years without a recordable injury. These operations are setting the benchmark for the remainder of the Whitehaven Group. Whitehaven's TRIFR at 30 June was 10.6 recordable injuries per million hours worked, below the NSW average. Focus for the company remains on safety leadership and behavioural based safety and injury prevention programmes.

## COAL SALES AND PRICING

Whitehaven achieved a significant milestone by shipping over 20Mt of coal for the year. Total coal sales for the June quarter were 5.187Mt, up 22% on the previous corresponding period. Sales in the quarter comprised 21% metallurgical coal and 79% thermal coal.

Sales for FY2016 were 20.127Mt, 44% higher than the previous year and comprised 16% metallurgical coal and 84% thermal coal. The proportion of metallurgical coal sales is expected to increase progressively over the next four years as the high quality Maules Creek semi-soft coking coal continues to gain market acceptance and term based contracts are concluded.

The chart shows the growing contribution of metallurgical coal sales from Maules Creek in the March and June quarters.



Whitehaven achieved an average price of US\$63.20/t in the June quarter from sales of all metallurgical coal products.

Whitehaven expects pricing for metallurgical coal products in the September quarter 2016 to be in the range of US\$67/t to US\$72/t following the increase in quarterly benchmark prices. Recently concluded quarterly metallurgical coal price negotiations saw the price of hard coking coal for the September quarter increase by 10% to US\$92.50.

The GlobalCOAL NEWC Index price averaged US\$51.61/t for the June quarter. Sales of the high quality Maules Creek thermal coal achieved an average price of US\$56.15/t for the quarter representing a premium for quality and CV uplift of 8.8% on the Index price for the quarter. Whitehaven expects to gradually increase this premium over time as demand for high quality thermal coal increases in the Asian region. An average price of US\$51.94/t was achieved for all Whitehaven thermal coal sales for the quarter.

Whitehaven has agreed a number of new supply contracts for both thermal and metallurgical coal with buyers of Maules Creek coal during the quarter.

## NARRABRI MINE

### *Whitehaven 70%*

Narrabri achieved a new monthly production record of 1.057Mt ROM coal in April exceeding the previous monthly record of 0.984Mt ROM coal established in January 2016. Coal production in longwall panel LW05 was completed in mid-May and the longwall changeout completed in June. Longwall production in LW06 had commenced before the end of the June.

Following the record month in April and a complete longwall changeout in the June quarter, ROM coal production was 1.370Mt for the quarter. Full year ROM coal production was 6.888MT in a year which included two full longwall changeouts. The run rate for the year excluding the changeouts was significantly over 8.5Mt. Only a single longwall changeout is scheduled for FY2017. The current longwall panel, LW06 will be the final 300 metre wide panel at the mine. Production from the first 400 metre wide panel (LW07) is expected to commence in the second half of FY2017.

Saleable coal production for the June quarter was 1.402Mt, compared to 2.346Mt in the previous corresponding quarter because that quarter did not contain a longwall changeout. Saleable coal production for the full year was 7.269Mt, slightly higher than the previous year. Saleable production was higher than ROM coal production as ROM coal stocks were processed during the year.

Sales for the June quarter were 1.469Mt and the full year 7.532Mt, lower by 34% and higher by 7% respectively over the previous corresponding periods.

## MAULES CREEK MINE

### *Whitehaven 75%*

In its first full year of commercial production Maules Creek produced 7.826Mt of ROM coal and 7.384Mt of saleable coal. The mine operated at an annualised rate of more than 9.0Mtpa ROM coal in the June quarter. During the June quarter the mine produced 2.471Mt of ROM coal and 2.249Mt saleable coal. Coal sales for the quarter and year were 2.138Mt and 7.421Mt respectively.

Production and sales of semi-soft coking coal have been running ahead of expectations as the high quality of the product is recognised by Asian steel makers. Over 1Mt of semi-soft coking coal was produced and sold during the year. Feedback from a number of the steel mills that have been trialling the coal indicates that the product will become an integral part of the blend that the mills use to make coke for blast furnaces.

The next ramp up step at Maules Creek is to increase ROM coal production to 10.5Mtpa. Equipment for the ramp up will begin to arrive on site in September and all equipment should be in place by December this year. This will enable the mine to operate at an annualised rate of 10.5Mt during H2 FY2017.

## GUNNEDAH OPEN CUTS

The strong performance at each of the Gunnedah operations led to further cost reductions. Total ROM coal production across the Gunnedah open cuts was 1.728Mt for the quarter and 5.791Mt for the full year, up by 25% and 5% respectively on previous corresponding periods. Saleable coal production was 1.484Mt for the quarter and 5.038Mt for the year.

### Tarrawonga Mine

#### *Whitehaven 70%*

Tarrawonga set new production records for both the June quarter and full year. ROM coal production was 0.757Mt for the quarter and 2.405Mt for the year, up by 38% and 12% respectively on the previous corresponding periods. Saleable coal production for the quarter was 0.537Mt and 1.976Mt for full year. The strong performance by the mine was due to the use of cast blasting, dozer push and a great effort by all employees at the site.

Coal sales for the quarter were 0.518Mt and the full year 1.973Mt, 11% higher and in line respectively with the previous corresponding periods.

### Rocglen Mine

Rocglen finished the year strongly by producing 0.327Mt ROM coal in the June quarter taking the full year total to 1.267Mt, up 16% on the previous year. Saleable production for the quarter and year was 0.296Mt and 0.912Mt respectively. Coal sales for the quarter were 0.318Mt and full year 0.880Mt.

The mine set the benchmark in safety for all Whitehaven's mines by finishing its second year with zero recordable injuries.

### Werris Creek Mine

Strong ROM coal production of 0.644Mt in the June quarter lifted full year production to 2.110Mt. Full year production was down 6% following a restructure of the mine during the year. Saleable coal production for the quarter and year was 0.651Mt and 2.150Mt respectively. Coal sales reached 0.702Mt for the quarter and 2.242Mt for the year.

## **VICKERY PROJECT**

Work progressed on the various studies to produce the Environmental Impact Statement (EIS) seeking government approval for an expanded Vickery mine (10Mtpa). Drafting of the EIS document and several other supporting documents is well advanced. However, studies for a rail solution for the project are ongoing with a number of options under consideration. Once these options are resolved then the completed EIS will be submitted to the Department of Planning and Infrastructure for approval. This is likely to occur within the next six months. Once the EIS has been submitted Whitehaven will be in a position to begin discussions about the formation of a joint venture with interested parties.

Timing for start-up of the Vickery project remains market dependent, but will not occur prior to Maules Creek having been fully ramped up to 13Mtpa.

## **CORPORATE**

Whitehaven is on target to deliver on guidance provided to investors in both the half year results and the March 2016 quarter report.

There are US\$28.0 million in forward A\$/US exchange contracts currently in place at an average exchange rate of A\$1.00 = US\$0.7396. These contracts are deliverable in July 2016.

## **EXPLORATION**

Whitehaven spent a total of \$0.296 million on exploration during FY2016.

**PRODUCTION AND SALES BY MINE**

Thousands of tonnes	Quarter Ended			YTD		
	Jun 2016	Jun 2015	Change	Jun 2016	Jun 2015	Change
<b>Narrabri</b>						
ROM Coal Production	1,370	2,671	(49%)	6,888	7,703	(11%)
Saleable Coal Production	1,402	2,346	(40%)	7,269	7,193	1%
Sales of Produced Coal	1,469	2,231	(34%)	7,532	7,071	7%
Coal Stocks at period end	135	1,038	(87%)	135	1,038	(87%)
<b>Tarrawonga</b>						
ROM Coal Production	757	550	38%	2,405	2,153	12%
Saleable Coal Production	537	484	11%	1,976	1,983	(0%)
Sales of Produced Coal	518	465	11%	1,973	1,984	(1%)
Coal Stocks at period end	481	333	44%	481	333	44%
<b>Maules Creek</b>						
ROM Coal Production	2,471	1,403	76%	7,826	2,614	199%
Saleable Coal Production	2,249	1,192	89%	7,384	2,231	231%
Sales of Produced Coal	2,138	821	160%	7,421	1,769	319%
Coal Stocks at period end	609	779	(22%)	609	779	(22%)
<b>Rocglen</b>						
ROM Coal Production	327	311	5%	1,276	1,103	16%
Saleable Coal Production	296	189	56%	912	848	8%
Sales of Produced Coal	318	221	44%	880	841	5%
Coal Stocks at period end	166	109	52%	166	109	52%
<b>Werris Creek</b>						
ROM Coal Production	644	524	23%	2,110	2,242	(6%)
Saleable Coal Production	651	543	20%	2,150	2,309	(7%)
Sales of Produced Coal	702	514	37%	2,242	2,322	(3%)
Coal Stocks at period end	254	382	(34%)	254	382	(34%)
<b>Whitehaven Group Totals</b>						
ROM Coal Production	5,570	5,459	2%	20,504	15,815	30%
Saleable Coal Production	5,134	4,755	8%	19,691	14,566	35%
Sales of Produced Coal	5,144	4,252	21%	20,048	13,987	43%
Sales of Purchased Coal	43	-	-	79	-	-
Total Coal Sales	5,187	4,252	22%	20,127	13,987	44%
Coal Stocks at period end	1,644	2,641	(38%)	1,644	2,641	(38%)